



NEWS RELEASE

Arizona House of Representatives

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Monday, January 30, 2017
FOR IMMEDIATE RELEASE

House Ways & Means Committee Overwhelmingly Passes GPLET Reform Bill

STATE CAPITOL, PHOENIX – The House Ways & Means Committee voted 6-1 Wednesday to approve HB 2213, a bill sponsored by Representative Vince Leach (R-11) that will close several loopholes related to the Government Property Lease Excise Tax (GPLET) and direct a portion of that revenue to local school districts.

GPLET is levied in lieu of property taxes when governments lease publicly-owned property to private businesses.

Current law allows for an eight-year abatement on both property tax and GPLET for businesses leasing government property in central business districts allegedly in order to combat slums and blight. However, governments have frequently abated GPLET in some of the most expensive districts in the state rather than in economically depressed areas, to combat slum and blight. This has created massive disparities in taxpayer burden with neighbors owing vastly different amounts of tax.

Additionally, an [Auditor General report](#) from 2015 found widespread miscalculation and underpayment of GPLET.

When local governments extend abatements to developers, it deprives school districts of tax revenue. State taxpayers are then forced to make up the difference through elevated payments to those school districts.

“The overwhelming support from my colleagues in the Ways & Means Committee demonstrates the importance of reforming GPLET and directing the savings to K-12 education and increase taxpayer fairness,” says Leach.

Specifically, the bill would prohibit abatement of the portion of GPLET dedicated to school districts; remove a 10-year grandfather window added when GPLET was overhauled in 2010; require governments, not lessees, to calculate owed GPLET; and narrow the definition of "central business district" so governments cannot provide abatement solely for economic development purposes.

The bill's next step is a hearing by the House Rules Committee.

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